

## Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AF-10 NEA-10 ACDA-19 AEC-11 CU-04

OIC-04 NIC-01 CIAE-00 PM-07 INR-10 L-03 NSAE-00 PA-04

RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00 SAJ-01 DODE-00

H-03 NSC-10 SS-20 EB-11 COME-00 OMB-01 FRB-02 DRC-01

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R 111810Z JAN 74

FM USMISSION NATO

TO SECSTATE WASHDC 3522

INFO USMISSION GENEVA

C O N F I D E N T I A L USNATO 0140

E.O. 11652: GDS

TAGS: ECON, NATO, PFOR

SUBJECT: CSCE: NATO CONSULTATIONS ON COMMERCIAL EXCHANGES

GENEVA FOR USDEL CSCE

1. AT ECONAD MEETING JANUARY 10, EUROPEAN COMMUNITY TABLED A DRAFT RESOLUTION ON OBSTACLES TO TRADE CORRESPONDING TO PARA 31 OF HELSINKI RECOMMENDATIONS. OUR TRANSLATION OF FRENCH TEXT (BEING POUCHED) FOLLOWS ALONG WITH SUMMARY OF ECONAD DISCUSSION.

2. OTHER NATO COUNTRIES AGREED TO DISCUSS EC DRAFT FURTHER ON THURSDAY, JANUARY 17 AFTER SECURING THEIR GOVERNMENT'S VIEWS. WOULD APPRECIATE DEPARTMENT VIEWS AND GUIDANCE PRIOR TO JANUARY 17 MEETING.

3. TEXT FOLLOWS: COMMERCIAL EXCHANGES THE PARTICIPATING STATES IN THE CSCE:

A. CONVINCED OF THE ROLE OF INTERNATIONAL TRADE AS A FACTOR OF PEACE AND SECURITY  
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B. AWARE OF THE GROWING IMPORTANCE OF INTERNATIONAL TRADE AS A DETERMINING FACTOR IN ECONOMIC GROWTH AND SOCIAL PROGRESS

C. PERSUADED THAT THE WELL-BEING OF PEOPLE IS AS WELL A

FUNCTION OF THE WAY IN WHICH THE PRODUCT OF THEIR LABOR ARE  
DISTRIBUTED BY THE CHANNELS OF INTERNATIONAL TRADE

D. CONVINCED OF THE NECESSITY OF DEVELOPING MULTILATERAL  
ECONOMIC COOPERATION BECUASE OF THE INTERDEPENDENCE OF ECONOMIES,  
AND OF CONDUCTING THEIR ECONOMIC POLICY SO AS TO PROMOTE THE  
PROSPERITY OF ALL TAKING INTO ACCOUNT THE PARTICULAR INTERESTS  
OF DEVELOPING COUNTRIES AND REGIONS

E. NOTING THAT THE EXTENT AND THE COMPOSITION OF EXCHANGES  
AMONG A NUMBER OF COUNTRIES DOES NOT CORRESPOND TO THE LEVEL OF  
THEIR ECONOMIC DEVELOPMENT AND THEIR RESOURCES

F. CONSIDERING THAT COMMERCIAL EXCHANGES CAN BE DEVELOPED  
DESPITE THE DIFFICULTIES INHERENT IN THE EXISTENCE OF DIFFERENT  
ECONOMIC SYSTEMS

G. CONSIDERING THE BENEFICIAL EFFECTS WHICH CAN RESULT FROM  
THE APPLICATION, IN APPROPRIATE CIRCUMSTANCES, OF THE MOST-FAVORED-  
NATION TREATMENT ON THE BASIS OF A RECIPROCITY ASSURING EQUIVILENCE  
OF ADVANTAGES AND OBLIGATIONS IN TRADE RELATIONS

H. RECOGNIZING THE NECESSITY OF A FAVORABLE FRAMEWORK FOR  
THE PARTICIPATION OF INTERESTED COMMERCIAL FIRMS AND ENTERPRISES  
IN THE DEVELOPMENT OF EXCHANGES

I. JUDGING DESIRABLE THE INTENSIFICATION AND THE DIVERSIFICATION  
OF THEIR EXCHANGES OF GOODS AND SERVICES

J. WILL STRIVE TO CREATE CONDITIONS AS FAVORABLE AS POSSIBLE  
FOR THE HARMONIOUS DEVELOPMENT OF THESE EXCHANGES UNDER MUTUALLY  
ADVANTAGEOUS CONDITIONS, AND TO ELIMINATE OR TO REDUCE PROGRESSIVELY,  
TO THAT END, THE OBSTACLES TO TRADE

K. FAVOR THE EXPANSION OF EXCHANGES ON A MULTILATERAL LEVEL  
AS BROAD AS POSSIBLE, AT THE SAME TIME BEING WATCHFUL, WITHIN THE  
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LIMITS OF THEIR POSSIBILITIES OF INTERVENTION, THAT THE RHYTHM  
OF GROWTH OF THEIR EXTERNALTRADE BE REFLECTED IN THEIR VARIOUS  
TRADE FLOWS

L. WILL STRIVE TO AVOID ABRUPTFLUCTATIONS IN THEIR  
EXCHANGES

M. WILL ACCORD PARTICULAR ATTENTION TO THE PROBLEMS TIED TO  
THE COMMISITION THE PROMOTION OF TRADE

N. WILL SEE TO IT THAT THIR COMMERCIL EXCHANGES ARE CARRIED  
OUT UNDER SUCH CONDITIONS THAT,INSOFAR AS CONCERNS QUANTITY  
OR PRICES, DO NOT SERIOUSLY DAMAGE OR THAT TO DAMAGE SERIOUSLY  
NATIONAL PRODUCERS OF SIMILAR OR DIRECTLY COMPETING PRODUCTS OF THE

IMPORTING COUNTRY

O. BEING OF THE OPINION, GIVEN THE VARIETY AND THE COMPLEXITY OF THE PROBLEMS POSED BY TRADE RELATIONS, THAT THE SEARCH AMONG INTERESTED PARTIES FOR ADDITIONAL MEASURES COULD DOUBTLESS CONTRIBUTE TO A HARMONIOUS EXPANSION OF EXCHANGES ON THE BASIS OF RECIPROCITY OF ADVANTAGES AND OBLIGATIONS. END TEXT

4. COMMENT: IN ECONAD AND IN CORRIDOR DISCUSSION, EC-9 SAID PARA O WAS MAIN OPERATIVE CLAUSE. THEY ADMITTED IT WAS "DIM AND VAGUE" BECAUSE IT REPRESENTED COMPROMISE BETWEEN TWO EC FACTIONS: (A) THOSE EC COUNTRIES DESIROUS OF OFFERING THE EAST A DEFINITE PROMISE OF SUBSEQUENT NEGOTIATION OF TRADE OBSTACLES IN RETURN FOR THE EAST AGREEING TO DEAL WITH THE COMMUNITY, AND (B) THOSE COUNTRIES NOT WILLING TO MAKE ANY COMMITMENT AT THIS TIME ON TRADE NEGOTIATIONS GROWING OUT OF THE CSCE. COMMUNITY SEES THESE NEGOTIATIONS, WE BELIEVE, AS INCLUDING COMMITMENTS TO REDUCED QUOTAS IN RETURN FOR EASTERN COMMITMENTS TO INCREASED IMPORTS AND A SAFEGUARDS CLAUSE.

5. U.S. AND CANADIANS ALSO QUESTIONED COMMUNITY ON PARA G AND K. RE PARA G DEALING WITH MFN, EC SAID LANGUAGE WAS INTENDED TO AVOID EXPOSING THE BREACH BETWEEN U.S. AND EC OVER MEANING OF "MFN TREATMENT" (WHICH EC ASSERTS REFERS ONLY TO TARIFF TREATMENT IN CSCE CONTEXT). PHRASE "IN APPROPRIATE CIRCUMSTANCES" NOT INSERTED IN DEFERENCE TO U.S. SITUATION BUT TO UNDERLINE THAT COMMUNIST STATES ENJOY NO A PRIORI RIGHT TO MFN. EC IMPLIED CONFIDENTIAL

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PHRASE COULD BE DROPPED IN LATER NEGOTIATIONS.

6. PARA K IS SUPPOSED TO MEAN THAT THE EASTERN COUNTRIES SHOULD SEE TO IT THAT THEIR OVERALL TRADE GROWS AT SAME RATE AS COMECON TRADE.

7. AS UK DEL STATED PRIVATELY, TEXT CONTAINS GOOD DEAL OF "NEGOTIATING FAT" AND BEARS MARKS OF MIDNIGHT DRAFTING BY EC EARLIER

<< END OF DOCUMENT >>

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